

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L STATE 189210

FOR THE AMBASSADOR FROM UNDER SECRETARY MAW

E.O. 11652: GDS

TAGS: BDIS, EINV, EIND, EMIN, PFOR, PE

SUBJECT: AVOIDING NEW DELAYS ON MARCONA

1. SUMMARY. PERUVIAN AMBASSADOR INFORMED US YESTERDAY THAT FOREIGN MINISTER'S TRAVEL SCHEDULE PRECLUDED FINAL NEGOTIATING ROUND ON MARCONA PRIOR TO WEEK OF AUGUST 23. WE WISH TO CONVEY TO THE GOP OUR CONCERN AT POSSIBLE CONSEQUENCES OF LACK OF PROGRESS AND TO SEEK MEANS OF CONCLUDING IF NOT NECESSARILY ANNOUNCING FINAL SETTLEMENT AS SOON AS POSSIBLE. WE DO NOT WISH TO CREATE POLITICAL PROBLEMS FOR THE GOP AT THIS JUNCTURE, BUT WE BELIEVE WE CAN MOVE TOWARD A SATISFACTORY SETTLEMENT WITHOUT DOING SO. END SUMMARY

2. AMBASSADOR GARCIA BEDOYA TOLD EINAUDI LATE YESTERDAY
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THAT FOREIGN MINISTER DE LA PUENTE WAS PLANNING TO LEAVE

LIMA EVENING OF AUGUST 7 FOR OFFICIAL VISIT TO ARGENTINA AND THAT IMMEDIATELY THEREAFTER HE WOULD BE TRAVELLING BRIEFLY TO COLOMBO FOR NONALIGNED SUMMIT. THE GOP, SAID GARCIA BEDOYA, WOULD THEREFORE BE PREPARED TO RECEIVE US NEGOTIATORS ANY TIME AFTER AUGUST 20. QUERIED ABOUT OUTCOME OF DE LA PUENTE PRESENTATION TO PRIME MINISTER FORESHAOOWED TO US IN LIMA 6724, GARCIA BEDOYA

CONFIRMED THAT A MEETING HAD INDEED TAKEN PLACE AND THAT "THE SITUATION HAD BEEN FULLY EXPLAINED" TO GENERAL ARBULU, BUT COULD OFFER NO DETAILS ON NEW PERUVIAN POSITION, IF ANY. GARCIA BEDOYA WAS UNAWARE OF DE LA PUENTE'S CONVERSATION WITH YOU AND AMBASSADOR RYAN ON JULY 22. AS FAR AS HE WAS CONCERNED, HIS SUBSTANTIVE INSTRUCTIONS REMAINED THOSE HE HAD PRESENTED TO ME ON JULY 15.

3. AFTER CONSULTING WITH ME, EINAUDI ASKED GARCIA BEDOYA TO TRANSMIT THE FOLLOWING RESPONSE TO DE LA PUENTE: QUOTE TWO MONTHS HAVE PASSED SINCE UNDER SECRETARY MAW SENT HIS LETTER TO THEN PRIME MINISTER FERNANDO MALDONADO. TO ASK NOW FOR THIS NEW DELAY IMPLIES AN ADDITIONAL DELAY OF 30 DAYS. A THREE MONTH DELAY WITHOUT A CONCRETE REPLY TO OUR PROPOSAL OF 28 MAY MIGHT WELL MAKE IT IMPOSSIBLE TO HOLD THINGS IN LINE, PUT THE ENTIRE SETTLEMENT IN JEOPARDY, AND CREATE NEW MISUNDERSTANDING AFFECTING CREDITS. TIME IS BECOMING CRITICAL. THE BANKS AND OTHER LENDERS ARE RELYING ON OUR ASSURANCES -- AND YOUR ASSURANCES -- THAT A SETTLEMENT IS IMMINENT. WE BELIEVE THAT IT WOULD BE POSSIBLE TO SETTLE THIS NEXT WEEK, BEFORE FOREIGN MINISTER DE LA PUENTE LEAVES FOR BUENOS AIRES. OTHERWISE THE AGREEMENT COULD BE CONCLUDED ON HIS RETURN FROM BUENOS AIRES, BEFORE HIS DEPARTURE FOR COLOMBO OR PERHAPS EVEN IN WASHINGTON EN ROUTE. THE TIME HAS COME TO CONCLUDE OUR NEGOTIATIONS AND PUT THIS PROBLEM BEHIND US. UNQUOTE

4. ACTION REQUESTED. PLEASE OBTAIN EARLIEST POSSIBLE APPOINTMENT WITH DE LA PUENTE AND REPORT TO HIM IN FULL YESTERDAY'S CONVERSATIONS WITH GARCIA BEDOYA. YOU CONFIDENTIAL

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SHOULD EMPHASIZE OUR CONCERN THAT ANY SUBSTANTIAL NEW DELAY WITHOUT RESOLUTION OF THE POINTS STILL IN DISPUTE WOULD BE CONSTRUED AS A STALL, AND REPEAT POSSIBLE CONSEQUENCES AS EXPLAINED TO GARCIA BEDOYA.

5. YOU SHOULD ADD THAT WE DO NOT WISH THE NECESSITY OF PROMPT AGREEMENT TO CREATE UNNECESSARY POLITICAL PROBLEMS FOR THE GOP. IF THE GOP WISHES TO DEFER

THE ACTUAL ANNOUNCEMENT OF SETTLEMENT WE WOULD HAVE NO OBJECTION. BUT WE DO NOT BELIEVE PROGRESS IN THE NEGOTIATION ITSELF SHOULD BE FURTHER POSTPONED. TO LEAVE THE BASIC POINTS STILL UNSETTLED HANGING FOR YET A THIRD MONTH COULD ADVERSELY AFFECT VARIOUS NEGOTIATIONS.

6. YOU SHOULD THEN EXPLAIN THAT WHILE THE PRESENTATION DE LA PUENTE MADE TO YOU AND AMBASSADOR RYAN OF THE PROPOSAL HE PLANNED TO PRESENT TO THE PRIME MINISTER IS

NOT NECESSARILY ACCEPTABLE TO US, AT LEAST IT HAD APPEARED TO BE A SPECIFIC POSITION. BUT NEITHER THAT PROPOSAL, NOR ANY OTHER, HAS BEEN FORMALLY CONFIRMED TO US, AND WE HAVE THUS RECEIVED NO SUBSTANTIVE REPLY TO MY LETTER OF MAY 28.

7. THE RESOLUTION OF OUTSTANDING ISSUES COULD, OF COURSE, TAKE PLACE DURING A FINAL ROUND OF NEGOTIATIONS IN LIMA. BUT IT COULD ALSO BE DONE THROUGH DIPLOMATIC CHANNELS, IF THAT WOULD BE MORE EXPEDITIOUS.

8. FINALLY, GARCIA BEDOYA ALSO SAID THAT QUOTE MARCONA LAWYERS ARE STILL BEING SLOW IN SUBMITTING SOME OF THE PAPERS REQUIRED TO CLEAR THE BOOKS UNQUOTE. AS WE ARE UNAWARE OF ANY PROBLEM, PLEASE ASCERTAIN PRECISELY WHAT ISSUES, IF ANY, REMAIN, SO THAT WE MAY DISCUSS THE PROBLEM WITH MARCONA IMMEDIATELY.

9. WE WOULD BE INTERESTED IN YOUR JUDGMENT, AFTER YOUR TALK WITH DE LA PUENTE, AS TO WHETHER THIS COURSE WOULD IN FACT CREATE POLITICAL PROBLEMS FOR THE NEWLY INSTALLED GOVERNMENT AND ITS EFFORTS TO CONSOLIDATE
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A MORE MODERATE POSITION. KISSINGER

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